Income Tax - Military Servicepersons (Combat Zone)

Military servicepersons should be aware that active duty pay earned in a combat zone that qualifies for the federal tax exemption is not subject to Colorado income tax. However, to the extent income is included in federal taxable income, Colorado tax will also be due on the income earned.

Colorado law permits military and support personnel stationed in a combat zone as declared by the president to postpone filing and paying state income taxes until 180 days after their assignment in the combat zone is completed. Interest and penalty are deferred during this time period.

Since many Colorado taxpayers receive a state income tax refund, taxpayers in this situation may want to authorize someone to file their return for them by power of attorney on Form DR 0145. If the return is filed under the 180 day extension, write the name of the applicable combat zone on the top of the 104 Individual Income Tax.

For more information on income tax filing for military servicepersons see <u>FYI Income 21</u> "<u>Military Servicepersons"</u> located on the department's taxation Web site at www.taxcolorado.com